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SUBJECT: CONVENTIONAL WISDOM: FIDESZ APPROACHES ITS PARTY
CONGRESS

REF: A. A: BUDAPEST DAILY REPORT 04-13-2007

¶B. B: BUDAPEST DAILY REPORT 03-09-2007

SUMMARY

¶1. (C) FIDESZ and party president Viktor Orban appear stable in advance of the party Congress on May 5. All indications are that Orban will remain unchallenged for now, and that the party will make a "political declaration" but will not announce any long-term policy platform at the meeting. After suffering losses in the past two national elections, FIDESZ members admit the party is "hungry for political success," but "focused on maintaining its political base for now." Observers predict that the party will slowly ratchet up its efforts to attract voters closer to the 2009 EU elections. FIDESZ insiders do not believe that PM Gyurcsany's popularity will recover, and they expect to gain more support in 2008, a belief that may dictate FIDESZ'S tactics in Parliament. The party currently participates in "private, five party negotiations" on the expert level within Parliament, but refuses to engage with the government publicly. Hungary's relations with Russia in general and on energy security in particular continue to be hot button issues for FIDESZ, and party members believe that Russia and Germany have reached "quiet agreements" to trade Deutsche Telecom subsidiaries in Hungary and Montenegro, in lieu of the German parent company.

LITTLE DRAMA AT THE PARTY CONGRESS

¶2. (C) The FIDESZ party Congress, set for May 5, will provide little drama for the top spot as undisputed party leader Viktor Orban is uncontested in the race. However, in a break from the tradition of predetermined party voting, five candidates will compete for four vice president positions. After years of careful staging, one observer noted, "what others might call democracy in FIDESZ looks like disarray." Party insiders take this as a sign that Mayor, Member of Parliament and possible Orban rival, Lajos Kosa, can not be denied a spot in the party leadership. According to Member of Parliament and FIDESZ Parliamentary Caucus Director Robert Repassy, by publicly encouraging all five candidates to run, "Orban is acknowledging Kosa's popularity" while not specifically endorsing him. Repassy reasons that if Orban thought he could "keep Kosa out" he would have called for party support of the other four incumbent candidates, thus cutting Kosa out of the race.

¶3. (C) Orban is divided on whether to follow a new strategy of dialogue and negotiation or to continue the present course of opposing all government positions, according to the MP. Currently, "behind the scenes," Repassy confirmed that policy

experts and MPs engage in discussion and deliberations "among all five parties," but he said, "FIDESZ will not engage the Gyurcsany government publicly." Repassy also said that Orban "has been weighing his options" in the weeks leading up to the party Congress, while he travels the countryside building support for the Congress among party members. He'll have work to do, critics within the party believe, as many complain of the party's habit of leaning on local officials for financial support and see the trip as "proof only that Orban needs money." According to Levente Benko, FIDESZ Foreign Affairs Committee energy policy analyst, Orban is also adjusting his tactics by curtailing his firebrand rhetoric in the Hungarian media in favor of "letting experts discuss policy issues (like energy security) in public" (REF A). This also allows him to seek a role on the broader European stage.

FOLLOW THE MONEY TO ORBAN'S SUPPORT

¶4. (C) In a rare and remarkably candid discussion of party financing, Mr. Benko said that FIDESZ "does not have the large numbers of contributors" that the MSZP courts for support. Rather, FIDESZ contributors number a very small group of financiers from the Hungarian banking and media sectors. All of the contributors "support only Orban" for the time being, which solidifies his position. Benko believes that the rise of a new centrist faction is possible in Hungarian politics before the 2010 national elections, but is quick to point out that it must have funding and be able to attract "disaffected voters from several parties." When asked if the small group of FIDESZ financiers would be a possible source of funding, Benko said "only if they lose confidence in Orban." He added that, though the fall referendum vote is important, the 2009 European Parliament

elections will be the litmus test for Orban.

FIDESZ ON RUSSIA

¶5. (C) Though its criticism is often met with charges of "radical nationalism" by the government coalition (especially regarding foreign investment), one of the recent "successes" FIDESZ enjoys is the ability to raise public awareness regarding GOH energy and trade policies toward Russia. According to Mr. Benko, Foreign Affairs Committee chairman Zsolt Nemeth and other senior party experts are leading FIDESZ's efforts to call attention to the Nabucco pipeline as an alternative to the Russian controlled Blue Stream pipeline consortium. According to Benko, not only is energy diversification a critical domestic security issue, but for FIDESZ "it is an opportunity to mend fences" with the U.S. and the UK, because they feel PM Gyurcsany is "out of step" with most of Hungary's allies on the issue. FIDESZ, according to Benko, breathed new life into Nabucco in Hungary, "but the Azeris must put gas in the pipe and the U.S./UK must continue to lobby aggressively, if Gyurcsany is to turn away from Putin."

¶6. (C) Of graver concern to Benko are rumors that PM Merkel recently secured agreements with President Putin to divert Russian investment away from Deutsche Telekom, and focus instead on the conglomerate's subsidiary companies in Hungary and Montenegro. Benko told poloff that "this is not only a matter of national pride for Hungary" but also a national security issue given that Magyar Telecom provides various communications capabilities for the Hungarian military. Asked Benko, "do you want Russia providing military communications for a NATO partner?"

WHO IS NEXT?: HANDICAPPING THE FIELD OF CONTENDERS

¶7. (SBU) For more than a year political analysts and

academics have theorized about - and many looked forward to - Orban's downfall. Though rumors of Orban's political demise are premature given his continued control of the party, the debate warrants analysis of likely contenders in the presumed race for succession. Many political theorists and politicians see Lajos Kosa, Antal Rogan, Zoltan Pokorni and Tibor Navracsics as the principal contestants.

¶18. (SBU) Lajos Kosa, mayor of Debrecen, Hungary's second largest city, is generally among the first names mentioned as an Orban successor. His popularity among voters across party lines and approval ratings that hover at 80 percent make him an undeniable prospect. though a founding member of FIDESZ, he is often viewed by his peers in Parliament as a "simple country politician" that is "long on rhetoric and short on political skills." FIDESZ MPs like Robert Repassy point to Kosa's comments regarding MDF leader Ibolya David in a recent Playboy interview that have people thinking that he is "too unpolished" to lead the conservative party.

¶19. (SBU) Antal Rogan, mayor of the Fifth District in Budapest, is touted by political analysts as a "young up-and-comer" and leader of the next generation in FIDESZ. He is not without detractors, however, and one MFA source wondered how "Rogan can be so popular if everyone hates him."

Rogan served as FIDESZ campaign chief during the 2006 National Elections, and has received a heavy dose of criticism from party elders for numerous high profile campaign mistakes in the weeks before the election. As mayor, he actively courts young voters and promotes the Fifth District as a haven for young professionals. Most recently, in a program clearly targeting women under 25, Rogan announced that his district will provide free HPV cervical cancer vaccinations. This is a new tactic in Hungarian politics - and a clever one given the public perception that the Gyurcsany government is reducing access to medical care - but one which may nonetheless put Rogan at odds with Orban and the old guard in FIDESZ.

¶10. (SBU) Zoltan Pokorni, mayor of FIDESZ stronghold District 12 in Budapest also appears to have strained relations with FIDESZ leadership. Much like Rogan, Pokorni is using his office "to work his way out of Orban's doghouse" and possibly compete for the Budapest's next mayoral race. Pokorni is characterized as "the anti-Orban" for his conciliatory leadership style and his willingness to engage with coalition politicians on policy debates. Pokorni and Rogan received a clear message from Orban after the local elections in fall 2006 that "Istvan Tarlos (former District 3 mayor) is FIDESZ's candidate for Budapest mayor in 2006 and

will be again in 2010." they may accordingly see little reason to remain in lock-step with Orban, and great advantage in using their present positions as springboards to national prominence.

¶11. (SBU) Tibor Navracsics, FIDESZ faction leader, clearly has Orban's support in Parliament, though many in the party discount his background in party staff and think-tank positions. They may underestimate him at their own peril. The first-time Member of Parliament is increasingly outspoken (and increasingly quotable) as he continues to stage relentless attacks on Gyurcsany's "government by perpetual crisis." However, many commentators, including SZDSZ MP Gabor Fodor, think Navracsics is "more moderate than the party line." If so, Navracsics may be well-suited to tack back toward the center in the future.

ONE MORE LAST CHANCE: THE 2007 REFERENDUM

¶12. (SBU) The resilience of Orban and FIDESZ, in the face of multiple defeats over the two previous national election cycles, is remarkable. Predictions of the FIDESZ party leader's downfall have been a staple in Hungarian politics for years. The "next last chance" for Orban to oust Gyurcsany, according to many commentators, is the National

Referendum vote slated for fall 2007. The Constitutional Court has approved three issues (REF B) for consideration. None of the questions are likely to inspire the 50 percent turnout (roughly 4 million voters) required by law. A strong showing in the referendum will translate to support for Orban, and give him momentum to solidify himself as the undisputed leader of FIDESZ into the 2009 EU and 2010 national elections. Poor turnout in the referendum, however, will be regarded as (another) failure. It will leave Orban looking for another tactic, and perhaps others in the party more openly looking for another standard-bearer.

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